

CALFED Water Use Efficiency Preliminary Program Implementation Plan

INTRODUCTION

The CALFED Water Use Efficiency (WUE) Element is one of the cornerstones of CALFED's water management strategy. The WUE Element is unique nationally in its magnitude and its aggressive approach to water management. Consisting of agricultural, urban, water recycling and managed refuges components, the WUE Program is based on the recognition that although efficiency measures are implemented locally and regionally, the benefits accrue at local, regional and statewide levels.

The ultimate goal of the WUE Element is to develop a set of programs and assurances that contribute to CALFED goals and objectives, has broad stakeholder acceptance, fosters efficient water use, and helps support a sustainable economy and ecosystem. The goals of the WUE Element will be met by providing tools to local water suppliers and water users to improve water use efficiency. These tools include financial and technical assistance, research, and assurances.

This Program Implementation Plan has been created to serve as a guidance document for CALFED Program and Agency staff to direct implementation of the WUE element. This document is preliminary and is expected to evolve over time as implementation issues are more fully developed. An additional purpose of this document is to meet the following commitment in the CALFED Record of Decision (see Task number 34, below):

“CALFED Agencies will prepare a Program Implementation Plan, including a proposed organizational structure consistent with the overall CALFED governance structure, responsibilities for technical assistance programs and the grant/loan program, and evaluation procedures, by December 2000. In developing the grant/loan program, CALFED Agencies will consider the particular circumstances of the different program elements, as well as the ongoing stakeholder forums. These forums include the Agricultural Water Management Council, California Urban Water Conservation Council, the steering committees providing guidance to CALFED Agencies in the agricultural, urban and recycling programs, as well as the public advisory committee described below. The Program Implementation Plan will include:

- Incentives in the agricultural sector that will consider several factors, including: (i) the potential for reducing irrecoverable water losses; (ii) potential for attaining environmental and/or water quality benefits from WUE measures; (iii) regional variation in water management options and opportunities; (iv) availability and cost of alternative water supplies; and (v) whether the water needs of the recipient area can be satisfied from existing sources. Many of these factors are included in the quantifiable objectives being developed in the CALFED process by the agricultural water use efficiency steering committee stakeholder process, and CALFED Agencies anticipate that these quantifiable objectives will be an important factor in prioritizing expenditures under the agricultural incentive program.
- Incentives in the urban sector that will focus on implementing the urban MOU process and on identifying and implementing measures that are supplemental to BMPs and are cost effective from a statewide perspective.
- Incentives in the water reclamation area that will recognize the importance of

regional water recycling programs, such as the Bay Area regional water recycling program and the Southern California comprehensive water reclamation and reuse study. CALFED Agencies will work with stakeholders to create cost-effectiveness criteria, building on approaches that have been previously developed for regional water recycling programs, that will guide the incentive program for water reclamation.

- A recognition and plan for addressing the need to make financial allocations in the incentive programs in the early years of implementation, in advance of approvals and/or certifications by the applicable Urban or Agricultural sector councils.”

RECORD OF DECISION ACTIONS

The CALFED Record of Decision (ROD) specified the following fifteen actions to be conducted within the WUE element (CALFED Task Numbers provided in parentheses):

- Program Implementation Plan (34)
- Public advisory committee (35)
- Loan & Grant Program (78)
- Finance proposal (76)
- Refine Quantifiable Objectives (171)
- Establish Milestones (79)
- Annual Report (80, 113, 141, 176, 192, 232)
- Define Appropriate Measurement (77)
- Urban BMP Certification (112)
- Water Measurement Legislation (140)
- Determine Funding Needs (172)
- Technical assistance (174)
- Comprehensive 4-year evaluation (173)
- Update Finance Plan (175)
- Remove landowner water transfer disincentives (268)

These actions are presented in Table 1 along with the reference page from the ROD, deadline, lead and co-lead agencies. To maintain consistency with earlier planning efforts, the actions have been sorted into seven tasks that were developed by DWR and CALFED staff during summer 2000 as part of a comprehensive planning and budgeting effort. The relationship between the seven tasks and ROD actions is also presented in Table 1. The seven tasks are described below. This Program Implementation Plan seeks to address all of the ROD Actions in a comprehensive and effective manner.

DESCRIPTION OF TASKS

The seven tasks described below have been identified to effectively implement the WUE element in a comprehensive manner that addresses the ROD Actions described above and is consistent with the CALFED Implementation MOU.

Task 1 – WUE Loan Program

Implementation of locally cost-effective water use efficiency practices is a fundamental building block of the WUE element. By definition, locally cost-effective practices are those for which the water supplier or user receives benefits in excess of their costs. For this reason, CALFED

Table 1 Summary of ROD Commitments and WUE Program Tasks								Task Number						
CALFED Action Number	ROD Page	Action Title	Description of Commitment	Deadline	Roles ⁴			Loans	Grants	Ovrst/Coor	Tech Asst	Research	Meas/Assur	Urban Cert
					Lead Entity ¹	Co-Lead Entity ²	Key Support Entity ³							
34	61	Program Implementation Plan	Prepare a program implementation plan, including proposed organizational structure consistent with the overall CALFED governance structure, responsibilities for technical assistance programs and the grant/loan program, and evaluation procedures	12/31/00	CALFED	DWR, USBR, SWRCB, USFWS	NRCS, EPA, CDFA	x	x	x				
35	62	Public advisory committee	Advisory committee to advise State and Federal agencies on structure and implementation of assistance programs and coordinate Federal, State, regional and local efforts	12/31/00	CALFED	DWR, USBR, SWRCB, USFWS	NRCS, EPA, CDFA			x				
78	60	Loan & Grant Program	Implement an incentive-based program which will provide grants (or cooperative agreements) or loans to the most promising water use efficiency projects including urban, Ag, recycling. [Date is for first RFP]	01/01/01	DWR, USBR, SWRCB, USFWS	NRCS	CDFA, EPA	x	x	x				
76	62	Finance proposal	Develop a detailed finance proposal for Stage 1, including an evaluation of local cost share potential	07/31/01	CALFED, DWR, USBR	SWRCB, USFWS	NRCS, EPA, CDFA	x	x	x	x	x		
171	61 (implied)	Refine Quantifiable Objectives	Finish current work on Quantifiable Objectives and refine Targeted Benefits based on public comments and results of First RFP [Deadline for first refinement cycle - subsequent refinement cycles are expected]	8/1/01 (estimate)	CALFED [transition to DWR & USBR]	DWR, USBR, SWRCB, USFWS	NRCS, EPA, CDFA	x	x	x			x	
79	62	Establish Milestones	Establish specific milestones and associated benefits, remedies and/or consequences to track and guide the implementation of Agricultural Water Use Efficiency Program	08/27/01	CALFED, DWR, USBR	SWRCB, USFWS	NRCS, EPA, CDFA						x	
80, 114, 142, 177, 193, 270, 233	64	Annual Report	CALFED will require annual reports from implementing agencies describing progress of implementation efforts	12/31/01 (80), 12/31/02 (114), 12/31/03 (142), 12/31/04 (177), 12/31/05 (193), 12/31/06 (270), 12/31/07 (233)	CALFED	DWR, USBR, NRCS, SWRCB, USFWS	EPA, CDFA	x	x	x	x	x		
77	63	Define Appropriate Measurement	Prepare a consensus definition of appropriate measurement	12/31/01	CALFED	DWR, USBR, USFWS	EPA, CDFA						x	

Table 1 Summary of ROD Commitments and WUE Program Tasks								Task Number						
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					Lead Entity ¹	Co-Lead Entity ²	Key Support Entity ³							
113	62	Urban BMP Certification	Implement a process for certification of water suppliers' compliance with the terms of the urban MOU, including implementation of best management practices for urban water conservation	12/01/02	CALFED	DWR, USBR	EPA							x
141	63	Water Measurement Legislation	Work with California State Legislature to develop legislation for introduction and enactment in 2003 legislative session requiring the appropriate measurement of all water uses in the State of California	12/01/03	CALFED	DWR, USBR, USFWS	EPA, CDFA						x	
173	64	Determine Funding Needs	Determine additional funding needs	06/01/04	CALFED, DWR, USBR	SWRCB, USFWS	NRCS, EPA, CDFA	x	x	x	x	x		
175	62	Technical assistance	Provide technical assistance to urban agencies and agricultural districts developing management plans under Urban WM Planning Act and AB 3616 process [Includes Cooperative Agreements with AWMC & CUWCC and agency technical assistance and sponsored research]	12/01/04	DWR, USBR	NRCS, CUWCC, AWMC	NRCS, CUWCC, AWMC			x	x	x		
174	62	Comprehensive 4-year evaluation	Conduct a comprehensive evaluation of the Program's first 4 years, and make appropriate additional State and Federal investments and actions to assure continued aggressive implementation of water use efficiency measures in the State.	12/31/04	CALFED	DWR, USBR, NRCS, SWRCB,	EPA, CDFA	x	x	x	x	x		
176	62	Update Finance Plan	Make appropriate additional State and Federal investments and actions to assure continued aggressive implementation of WUE measures in State.	12/31/04	CALFED, DWR, USBR	SWRCB, USFWS	NRCS, EPA, CDFA	x	x	x	x	x		
269	63, 53 & 72	Remove Landowner Transfer Disincentives	Develop and support proposals to transfer water savings credits to landowners, not irrigation and water supply agencies	Not specified	CALFED, DWR, USBR	SWRCB, USFWS	NRCS, EPA, CDFA							
¹ Lead responsibility: provides management, maintains data repository, and serves as primary point of contract (may be shared by two entities). In most cases, this role is specified as a "Management Responsibility" in the Implementation MOU. ² Co-lead responsibility: has significant role in implementation because of agency interest or mandate. ³ Key Support Responsibility: long-term comprehensive support; act as information conduit to customers; assist in program refinement through administrative and technical support. ⁴ General Support Responsibility: all CALFED Agencies may provide general support through leadership, review and other activities as desired.														

expects local entities to fund these practices. However, CALFED intends to facilitate implementation through technical assistance (see Task 4) and low-interest loans. The lead agency for these activities is DWR. Please refer to Table 1 for the list of ROD commitments associated with this task.

During 2001, the Loan Program will be conducted in coordination with the Grant Program (see Task 2, below). However, CALFED agencies intend to integrate the loans and grants into a single program by 2002.

Task 2 – WUE Grant Program

The WUE Program Element is an incentives program to motivate water suppliers and water users to generate CALFED benefits¹ by implementing conservation practices beyond the locally cost-effective level of Best Management Practices (BMPs) and Efficient Water Management Practices (EWMPs). The incentive program incorporates two key principles: 1) incentives are the most effective way of unlocking the creativity and motivation of local entities, and 2) it is appropriate to invest public funds in projects that provide public (CALFED) benefits.

Many of the projects that receive incentive grant funding will provide local and CALFED benefits. In these cases, the grant agreements will include a local cost-share commensurate with the local benefit.

Rather than imposing top-down, one-size-fits-all requirements, the WUE incentive program will use a series of Requests for Proposals (PSPs). The use of incentive-driven PSPs is expected to encourage local entities to identify and implement creative actions that will contribute to achieving the WUE objectives in the most cost-effective manner.

Proposals for incentive grants will be prioritized based on their ability to address higher priority CALFED objectives and their ability to provide multiple benefits. For example, a proposed project that would improve water supply reliability and improve water quality would tend to be rated higher than a project that creates a single benefit. Please refer to Table 1 for the list of ROD commitments associated with this task.

Implementation of the Loan and Grant programs is beginning immediately in recognition of the need to make financial allocations in the early years of implementation, in advance of approvals and/or certifications by the applicable Urban or Agricultural sectors. For this reason, the first Loan and Grant solicitations will be issued in early 2001, even though agricultural assurances and urban certification will not be fully developed until later (see Tasks 6 and 7, below).

Actions taken through the Grant program are designed to preserve local flexibility; use incentive-based actions; build on existing water use efficiency programs; and provide assurances of high water use efficiency.

¹ The term “CALFED benefits” refers to public benefits to the Bay-Delta that have been or will be identified through the CALFED Program.

Projects awarded Grant funding for agricultural and urban water use efficiency shall demonstrate contributions toward any or all of the CALFED objectives by reducing irrecoverable water losses; attaining water quality benefits; and/or attaining environmental benefits.

This may be accomplished through the implementation of established Urban Best Management Practices or Agricultural Efficient Water Management Practices that demonstrate a potential for achieving CALFED objectives.

Applicants may also propose a broader or different approach to water use efficiency with an emphasis on linkage to CALFED objectives and the expected outcomes and benefits of the project.

For urban water use efficiency, the California Urban Water Conservation Council's (CUWCC) Memorandum of Understanding process outlines Best Management Practices to achieve water use efficiency. For agricultural water use efficiency, the Agricultural Water Management Council's (AWMC) Memorandum of Understanding process outlines Efficient Water Management Practices. Agricultural water use efficiency projects that incorporate CALFED's Quantifiable Objectives work will be given extra weight in the selection process.

Grants are will be selected through clearly stated criteria which are expected to include:

- Relevance and Importance
- Technical/Scientific Merit, Feasibility, Monitoring and Assessment
- Outreach, Community Involvement, and Information Transfer
- Qualifications of the Applicants, Cooperators, Establishment of Partnerships
- Costs and Benefits

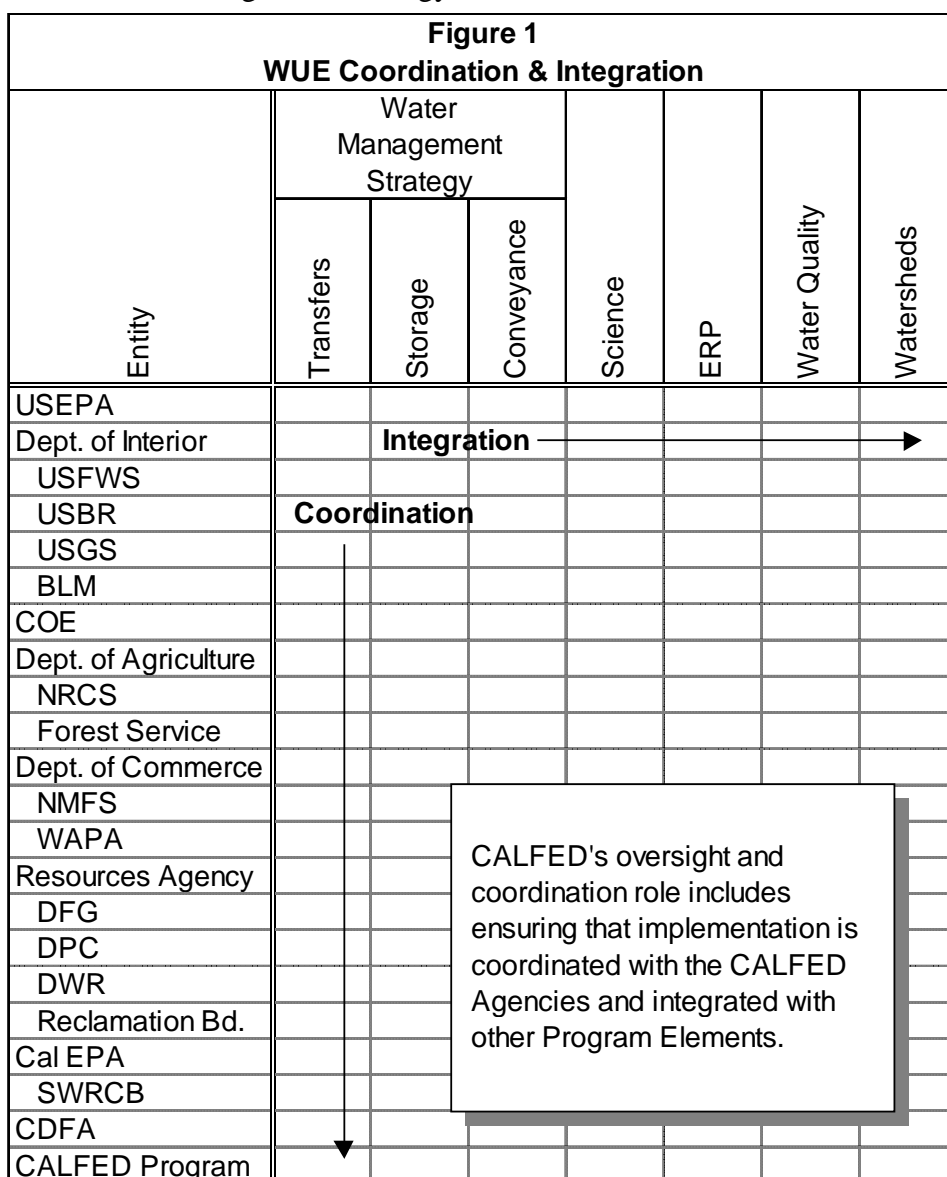
Task 3 – Oversight and Coordination

The primary purpose of oversight is to ensure that CALFED program implementation is consistent with the CALFED Record of Decision. Policy Group will develop policies and make recommendations regarding integration, coordination, and consistency for significant products. Task 3 includes oversight and coordination of all Water Use Efficiency tasks. CALFED WUE staff will be responsible for providing communications linkages between the Policy Group and the managing agencies and ensuring that the WUE element is integrated with other Program Elements (see Figure 1). WUE staff will also provide coordination between managing entities and stakeholders.

CALFED Staff will work with CALFED agencies to provide oversight and coordination of the following activities:

- Facilitate stakeholder interviews and meetings, interest-based negotiation sessions.
- Actively engage in WUE-related problem solving and conflict resolution.
- Track implementation.
- Prepare appropriate portions of the CALFED annual report.
- Develop protocols for monitoring, record keeping, and reporting;
- Oversee implementation of monitoring practices (through budgeting, report prep etc.)

- In conjunction with the Science Program, and in consultation with the WUE Public Advisory Committee (or subgroups), refine measures of program success.
- In conjunction with water management strategy staff and other program managers, develop data and methods of analysis to improve assessment of existing supply reliability conditions. This includes regional variations in water management options and opportunities; availability of alternative water supplies; relationship of existing options to water needs in an area; and potential environmental and socio-economic impacts of potential new options.
- Develop a public education component for WUE (perhaps a shared function with another Program Element).
- Ensure effective support of Environmental Justice activities in WUE implementation.
- Convene the Water Use Efficiency Public Advisory Committee, associated sub-committees and work groups.
- Establish and maintain appropriate communications between the CALFED Policy Group, implementing agencies, interested stakeholders, the CALFED Science Program and CALFED Water Management Strategy staff.



Oversight and coordination activities rely heavily on effective communications and are inherently time-intensive. During the first four years of CALFED implementation, oversight activities will also include completion of ongoing program development. These ongoing development tasks include coordinating the development of the most appropriate technical assistance mechanisms, refinement of the Agricultural Quantifiable Objectives, integration with the CALFED Science and Water Management Programs, and development of a more effective water recycling incentive grant program. Please refer to Table 1 for the list of ROD commitments associated with this task.

Task 4 – Technical Assistance

Technical assistance is required to help local water suppliers and water users implement water use efficiency practices. Activities will include information dissemination, training, direct planning and design service, and assistance in responding to Loan and Grant applications.

CALFED will also leverage the efforts of two self-governed organizations to foster implementation of locally cost-effective practices: the California Urban Water Conservation Council (CUWCC) and the Agricultural Water Management Council (AWMC). The CUWCC is governed by urban water supplier and environmental representatives and committed to implementing locally cost-effective Best Management Practices (BMPs). The AWMC is governed by agricultural water supplier and environmental member representatives and is dedicated to implementing locally cost-effective Efficiency Water Management Practices (EWMPs). CALFED, DWR, and USBR are currently working jointly with AWMC representatives to draft a cooperative agreement, which will formalize the working relationship between the Council and the WUE element. Please refer to Table 1 for the list of ROD commitments associated with this task.

This task would provide technical assistance to help local entities implement activities and programs to advance Water Use Efficiency in California. Implementation of these activities will be coordinated with and subject to review by stakeholders. Technical assistance may be provided in a variety of ways including through State and Federal staff, contractors or consultants, and through the staff of cooperating agencies and organizations such as water suppliers, the AWMC, and the CUWCC. The process and effort to solicit and incorporate stakeholder input is provided in Task 3, Oversight and Coordination.

Task 5 – Research

Although CALFED has made great strides in developing a rigorous WUE planning framework, significant uncertainties related to achieving higher efficiency still exist. Currently identified research needs include reduction of unwanted evaporation and the economics of water use efficiency. Other research needs can be expected to arise during implementation. DWR and the Bureau of Reclamation will jointly implement CALFED research efforts determining needed research projects and individually managing projects as appropriate. WUE staff will use new information, as it becomes available, to refine quantifiable objectives.

WUE staff will also collaborate with the Science Program to sponsor research on subjects such as water contaminant effects and in-stream flows needed to reestablish ecosystem functions. Similarly, WUE staff will coordinate economic research with that being conducted by the Water Management Strategy staff.

Please refer to Table 1 for the list of ROD commitments associated with this task. Implementation of research activities will be coordinated with and subject to review by stakeholders through the process described in Task 3.

Task 6 – WUE Measurement and Assurance

The ROD requires developing approaches to water measurement and assurances.

Water Measurement: A critical point will be CALFED's definition of "appropriate measurement." CALFED staff will use an independent scientific panel to develop this definition early in Stage 1 (see Action 8, Table 1). The definition is expected to recognize the practical limits of existing technology, regional variability, and the objectives of water measurement. The definition will be the cornerstone of required measurement legislation (see Action 10, Table 1).

WUE Assurances: Within one year from the adoption of the Record of Decision, CALFED will set specific milestones, and associated benefits, remedies and/or consequences to track and guide the implementation of the Agricultural WUE Program (see Action 6, Table 1). These milestones are expected to be tied directly to achievement of Quantifiable Objectives. Accordingly, this task also is connected to completion of the Quantifiable Objectives (see Action 5, Table 1).

CALFED will further incorporate those milestones and associated benefits, remedies and/or consequences into any institutional and legislative initiatives, which follow from the ROD. CALFED will put in place a process, structured to include the involvement and buy-in of interested parties (stakeholder and agency), to accomplish this work. The process will build on the work already begun by existing stakeholder advisory committees.

Significant refinement of this task will be required during early 2001. Refinement will be conducted with stakeholder input through the process described in Task 3.

Task 7 – Urban BMP Certification

Urban BMP Certification will be used to ensure that urban water suppliers implement those BMPs that are locally cost-effective. CALFED is working with the CUWCC to draft the BMP Certification proposal. Unique aspects of the Certification proposal include self-governance and monetary and water-based sanctions for non-compliance. Full implementation of the Certification program will require either ratification by the SWRCB or legislation. Please refer to Table 1 for the list of ROD commitments associated with this task.

Significant refinement of this task will be required during early 2001. Refinement will be conducted with stakeholder input through the process described in Task 3.

PROPOSED ORGANIZATIONAL STRUCTURE

Coordination of WUE Implementation with participating CALFED agencies is essential for the successful implementation of the Water Use Efficiency Program. Although CALFED Program Staff will serve as the lead entity for coordination (see Task 3), the success of the WUE element will depend on coordination activities of CALFED Agencies. It is anticipated that all CALFED Agencies will play a role in the implementing the WUE element. The overall level of an agency's involvement will depend on its involvement in individual tasks. Some agencies may

have a very large role in one task and very limited role in another. To facilitate better understanding of these roles, CALFED Agency and Program Staff have defined the following four implementation roles (Table 2):

- **Lead responsibility:** One or more CALFED Agency (or CALFED Program Staff) will be designated as lead entity with management responsibility for implementing each combination of task and component in the WUE element (components include agricultural, urban, recycling, and managed wetlands). In most cases, this entity has been delegated management responsibility in the Implementation MOU². For example, the Implementation MOU delegated management of technical assistance jointly to DWR and USBR.

In other cases, the management agency (as specified in the Implementation MOU) and another CALFED agency will share the lead responsibility. For example, although the Implementation MOU delegates management of ag and urban loans and grants to DWR, the USBR is also designated as a lead entity for this task. This is because USBR is expected to be the source of approximately 50% of the grant loan and grant funding. Similarly, although the Implementation MOU specifies USFWS as manager of the Managed Wetlands component, DWR and USBR have also been designated as lead entities for loans and grants because they are expected to be the funding sources for these activities.

In addition to managing the given task, lead responsibilities include maintaining data repository for the given task/component and serving as primary point of contact. Data housed in the repositories is expected to include all information related to that task such as tracking participants, participant responsibilities and results.

- **Co-lead responsibility:** Several CALFED Agencies (and CALFED Program Staff) have existing responsibilities or expertise in WUE components and have been designated as Co-Lead entities for certain tasks/components. For example, NRCS has been designated at Co-Lead for most tasks related to the ag component.
- **Key Support Responsibility:** Some CALFED Agencies have a strong interest in WUE implementation and have offered to provide key support for certain tasks/components. Key support activities include providing long-term, comprehensive support to the lead and co-lead agencies; acting as a conduit of information to and from Program customers; providing

² The Implementation MOU delegated the following WUE implementation responsibilities:

- Oversight and Coordination: Policy Group and CALFED Program Staff
- Management of Ag & Urban Conservation:
 - Loans & Grants (excluding CVPIA & NRCS): DWR
 - CVPIA WUE financial assistance: USBR
 - Technical Assistance: DWR, USBR, & NRCS (on-farm)
- Management of Recycling:
 - Federal programs: USBR (in coordination with SWRCB)
 - State programs: SWRCB (in coordination with USBR)
- Management of Financial & Technical Assistance for Managed Wetlands: USFWS
- Program Support: CDFA (on-farm practices & AWMC)

Table 2 WUE Management and Support Agencies ⁴				
Tasks	WUE Components			
	Ag	Urban	Recycling	Managed Wetlands
1) Loans	DWR ¹ , USBR ¹ , NRCS ² , CDFA ³ , EPA ³	DWR ¹ , USBR ¹ , EPA ³	SWRCB ¹ , USBR ¹ , DWR ² , EPA ³	USFWS ¹ , USBR ¹ , EPA ³
2) Grants	DWR ¹ , USBR ¹ , NRCS ² , CDFA ³ , EPA ³	DWR ¹ , USBR ¹ , EPA ³	SWRCB ¹ , USBR ¹ , DWR ² , EPA ³	USFWS ¹ , USBR ¹ , EPA ³
3) Oversight & Coordination (includes Public Advisory)	CALFED ¹			
4) Technical Assistance	DWR ¹ , USBR ¹ , NRCS ² , CDFA ³	DWR ¹ , USBR ¹	SWRCB ¹ , USBR ¹ , NRCS ³	USFWS ¹ , USBR ² , NRCS ³ , EPA ³
5) Research	DWR ¹ , USBR ¹ , NRCS ² , CDFA ³	DWR ¹ , USBR ¹	SWRCB ¹ , USBR ¹ , NRCS ³	USFWS ¹ , USBR ² , NRCS ³ , EPA ³
6) Measurement & Assurances	CALFED ¹ , USBR ² , DWR ² , CDFA ³ , EPA ³	CALFED ¹ , USBR ² , DWR ² , EPA ³	n/a	CALFED ¹ , USBR ² , DWR ² , USFWS ² , EPA ³
7) Urban BMP Certification	n/a	CALFED ¹ , USBR ² , DWR ² , EPA ³	n/a	n/a
8) Monitoring and Adaptive Management	DWR ¹ , USBR ¹ , CALFED ² , NRCS ³ , CDFA ³ , EPA ³			
¹ Lead responsibility: provides management, maintains data repository, and serves as primary point of contract (may be shared by two entities). In most cases, this role is specified as a "Management Responsibility" in the Implementation MOU.				
² Co-lead responsibility: has significant role in implementation because of agency interest or mandate.				
³ Key Support Responsibility: long-term comprehensive support; act as information conduit to customers; assist in program refinement through administrative and technical support.				
⁴ General Support Responsibility: all CALFED Agencies may provide general support through leadership, review and other activities as desired.				

assistance in the areas of program development and planning; and providing appropriate technical and administrative support.

- **General Support Responsibility:** Any CALFED Agency may provide general support through leadership, review and other activities as desired. By serving on the CALFED Policy and Management Groups, all CALFED Agencies will provide leadership and review of the WUE element. Agencies may provide additional review or other support for specific tasks, components or issues as WUE is implemented.

Personnel from most of the Lead, Co-Lead, and Key Support entities have already begun meeting to coordinate implementation. Items already addressed include the Program Implementation Plan (this document), the first Proposal Solicitation Package for the WUE Incentive Grant program, and development of a Public Advisory Committee. Discussions have also included potential co-location of WUE staff from several CALFED Agencies.

Short-term co-location arrangements are being considered which include designating workstations at the existing facilities of one or more of these agencies. WUE staff from other agencies would utilize these workstations to facilitate greater coordination. Permanent co-location is not considered practical during the initial implementation period because most personnel with WUE implementation duties also have responsibilities for non-CALFED programs. After the initial WUE implementation period (during years 2 or 3 of Stage 1), roles and space requirements will become more clearly defined. At this time, long-term plans may be considered which include a WUE center where employees dedicated to specific WUE tasks could co-locate.

BUDGET AND FUNDING

The ROD and Framework for Action (June 2000) provided guidance on budget and funding sources for WUE implementation. This information has been combined with budgets for the current fiscal year and for potential request for next fiscal year (Table 3). The current budget calls for exceeding the Framework cost estimate during Years 1 and 2 and catching up with the Framework estimate in Year 4. Staff has concluded that this shift in estimated costs is necessary to meet the ROD commitments.

State and Federal funding sources are yet to be determined for Years 3 through 7. Local funding has not been estimated for any years. These budget and funding questions are expected to be resolved over the first half of 2001 as other CALFED finance issues are resolved and as WUE staff prepare a Detailed WUE Finance Proposal (see ROD Action 76, Table 1).

Table 3														
WUE Stage I Estimated Costs and Funding Sources (\$ in millions)														
Catergory	Program Year(s)							Total Cost	Cost Sharing (%)			Estimated cost (\$)		
	1	2	3	4	5	6	7		Fed	State	Other	Fed	State	Other
Estimated Costs (from Framework Backup Tables)														
Financial Incentives	\$30	\$59	\$286	\$625	\$625	\$625	\$625	\$2,875	25%	25%	50%	\$719	\$719	\$1,437
Technical Incentives	\$0.9	\$2.6	\$9.7	\$11.1	\$15.5	\$16.0	\$16.0	\$71.8	50%	50%	0%	\$36	\$36	\$0
Directed Studies	\$0.2	\$0.7	\$4.1	\$5.0	-	-	-	\$10.0	50%	50%	0%	\$5	\$5	\$0
Total (First 7 years)	\$31	\$62	\$299	\$641	\$641	\$641	\$641	\$2,956	26%	26%	48%	\$760	\$760	\$1,437
Current Budget														
Total (First 7 years)	\$54	\$137	\$299	\$544	\$641	\$641	\$641	\$2,956	26%	26%	48%	\$760	\$760	\$1,437
Change from Original	\$23	\$74	\$0	-\$97	\$0	\$0	\$0	\$0	0%	0%	0%	\$0	\$0	\$0
Funding Sources														
Federal														
Existing	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$13						
Title XVI	\$19	\$19	To be Determined					\$38						
New Funds	\$2	\$47						\$50						
Subtotal	\$23	\$68	\$2	\$2	\$2	\$2	\$2	\$100	27%			\$100		
State														
Existing	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$74						
Prop. 204 & 13	\$5	\$25	\$25	\$25	\$25	\$25	\$14	\$145						
New Funds	\$15	\$32	To be Determined					\$47						
Subtotal	\$31	\$68	\$36	\$36	\$36	\$36	\$25	\$267	73%			\$267		
Local														
Existing	To be Determined							\$0						
New Funds								\$0						
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%			\$0		
Total (First 7 years)	\$54	\$137	\$38	\$38	\$38	\$38	\$26	\$367						
Budget Shortfall														
	\$0	\$0	-\$262	-\$507	-\$603	-\$603	-\$615	-\$2,589						